



U.S. Department of Housing and Urban Development

District Office of the Inspector General  
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April 26, 1996

Audit-Related Memorandum

96-AT-248-1812

MEMORANDUM FOR: John Perry, Director, Community Planning and Development, 4AD

FROM: Kathryn Kuhl-Inclan  
District Inspector General for Audit, Southeast/Caribbean, 4AGA

SUBJECT: Accounting System Evaluation  
Housing Initiative of North Fulton  
Roswell, Georgia

### **INTRODUCTION**

From March 25, 1996, through April 4, 1996, we performed a limited review of the financial management system of Housing Initiative of North Fulton (HINF) as it relates to the upcoming Supportive Housing Program. The HINF is designated as a program participant under grant no. GA06J15-1035 awarded on November 30, 1995, by HUD to the Metro Atlanta Task Force for the Homeless. A subrecipient agreement was executed between HINF and the Metro Atlanta Task Force on February 1, 1996. The total grant award from HUD is \$190,050 of which \$181,000 has been awarded to HINF as a subrecipient. HINF intends to use its funds for acquisition, rehabilitation, supportive services, relocation, and operating expense with goals to purchase 4 housing units and to assist 24 additional homeless families under the program. At the time of our review, the HINF board consisted of 21 members, a full time, salaried Executive Director, and a Family Coordinator. A part-time coordinator will be hired under this program.

### **SCOPE OF REVIEW**

The purpose of our review was to provide you with reasonable assurance that this subrecipient of HUD's Supportive Housing funds has systems and controls in place to account for receipt and disbursement of grant funds, and to accumulate and document statistical data to demonstrate program accomplishments and prepare required reports. As you know, our review was not an audit made in accordance with generally accepted government audit standards.

We interviewed the Executive Director and Board Treasurer and obtained documentation that: (1) an accounting system existed to capture and properly classify project expenditures, (2) the organization's staff appeared knowledgeable of its responsibilities as a recipient of Federal funds and under its contract with the Task Force for the Homeless, (3) the organization is legally



established and appeared viable, and (4) the organization otherwise appeared reasonably prepared to carry out the objectives of its Supportive Housing Program. Our review generally covered operations from July 1, 1994, through March 1996. We looked for areas which indicated a need for technical assistance and guidance by your office or the Task Force.

### **OBSERVATIONS**

HINF has established organizational, financial management, and program performance systems to accomplish its Supportive Housing Program. The organization is administering a transitional housing program with State funding, has obtained professional accounting services, has an involved and functioning Board of Directors, and has demonstrated success in helping homeless families.

This organization has had little experience in the area of federal grant compliance. Therefore, you should be in a position to anticipate and provide HINF with technical assistance on potentially applicable regulations such as those dealing with contracting and procurement. In examining the HINF management and accounting system, we found no adverse conditions that would affect the organization's ability to properly control the receipt and disbursement of federal grant funds.

This memorandum is for your information; no response is necessary. If you have any questions or need additional information, please contact Nancy H. Cooper, Assistant District Inspector General for Audit, at 331-3369.

## DISTRIBUTION

Secretary's Representative, 4S

Director, Community Planning and Development Division, 4AD

Director, Interagency Council on the Homeless, DEO

Director, Housing Initiative of North Fulton

Director, Atlanta Task Force for the Homeless